



**North Carolina Department of Health and Human Services  
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Michael F. Easley, Governor  
Dempsey Benton, Secretary

Michael S. Lancaster, M.D. and  
Leza Wainwright, Directors

June 3, 2008

**MEMORANDUM**

TO: LME Directors

FROM: Leza Wainwright 

SUBJECT: Mercer Report on Potential Cost Savings

As you know, the final deliverable under the Division's contract with Mercer Government Human Services Consulting is an analysis of the cost savings that could be achieved by consolidating business and non-business functions of the Local Management Entities (LMEs). Mercer's final report on this deliverable, dated May 28, 2008, is attached for your review.

In addition to the analysis of potential cost savings, this report makes five recommendations on strategies to improve the financial performance of LMEs and the system as a whole. One of those, converting all LMEs to single stream funding is currently being implemented as LMEs meet the standardized criteria to qualify for single stream funding. We will work with you in the upcoming months to explore implementation of the other recommendations.

Thank you again for your cooperation in participating in Mercer's independent evaluation of LMEs.

cc: Secretary Dempsey Benton  
Dan Stewart  
Executive Leadership Team  
Management Leadership Team  
State Facility Directors  
Yvonne Copeland  
Patrice Roesler  
MH/DD/SAS Commission Chair  
The Coalition Chair  
State CFAC Chair  
Sharnese Ransome  
Andrea Poole  
Shawn Parker  
Wayne Williams  
Kaye Holder  
Mark Van Sciver  
Brad Deen

